

AMENDED IN SENATE JUNE 3, 2010
AMENDED IN SENATE MAY 18, 2010
AMENDED IN SENATE APRIL 21, 2010
AMENDED IN SENATE APRIL 14, 2010
AMENDED IN SENATE MARCH 8, 2010
AMENDED IN SENATE JULY 8, 2009
AMENDED IN ASSEMBLY MAY 18, 2009

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 1152

Introduced by Assembly Member Anderson
(Principal coauthor: Assembly Member Portantino)
(Principal coauthor: Senator Huff)
(Coauthor: Assembly Member Ma)

February 27, 2009

An act to amend Sections 19510, 19520, and 19604 of, *and to add Section 19532.2 to*, the Business and Professions Code, relating to horse racing, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1152, as amended, Anderson. ~~Horse racing: outriders: advance deposit wagering: jockey retirement plan: welfare fund: racing.~~

Existing law, effective January 1, 2011, requires an outrider to be licensed by the California Horse Racing Board pursuant to certain provisions of law relating to stewards and racing officials.

This bill would delete the requirement that outriders be licensed under those provisions.

Existing law requires certain persons who participate in, or have anything to do with, the racing of horses to be licensed by the board pursuant to rules and regulations that the board may adopt, and upon the payment of a license fee fixed and determined by the board.

This bill would require the licensure of outriders pursuant to those provisions. By requiring outriders to be licensed, the violation of which would be a crime pursuant to other provisions of existing law, this bill would create new crimes and would thereby impose a state-mandated local program.

This bill would require the board to adopt regulations to require outrider license applicants to pass both a written and an oral examination and to authorize outriders to exercise certain duties and powers of the board as are delegated by the board.

Existing law generally authorizes the board to allocate race dates, as specified.

This bill would provide that notwithstanding any other provision of law, commencing July 1, 2010, if a racetrack located in the central zone is not available for use by a thoroughbred association that was licensed by the board to conduct a live race meet at that racetrack in 2009, the board shall be authorized to allocate racing dates to that association to be operated at a racetrack in the central zone or the southern zone for racing in 2010, or thereafter, in accordance with the rules and regulations of the board.

Existing law authorizes advance deposit wagering to be conducted, with the approval of the board. Existing law requires amounts distributed under certain provisions of law relating to advance deposit wagering to be proportionally reduced by an amount equal to 0.00295 multiplied by the amount handled on advance deposit wagers originating in California for each racing meeting, not to exceed \$2,000,000.

This bill would exempt from that calculation amounts handled on advance deposit wagers originating in California for harness racing meetings.

Existing law requires the amount deducted, as per the above calculation, to be distributed as specified, with 50% of the money to the board to establish and to administer jointly with a certain jockey organization, a defined contribution retirement plan for California-licensed jockeys who retired from racing on or after January

1, 2009, and who, as of the date of retirement, had ridden in a minimum of 1,250 parimutuel races conducted in California.

This bill would delete that requirement relating to a minimum number of races ridden.

This bill would require amounts distributed under certain provisions of law relating to advance deposit wagering to be proportionally reduced by an amount equal to 0.00295 multiplied by the amount handled on advance deposit wagers originating in California for each harness racing meeting, not to exceed \$500,000. The bill would require the amount deducted to be distributed to a certain welfare fund established for the benefit of horsemen and backstretch personnel, as provided, and the amount remaining, if any, for the benefit of the horsemen, as specified. By imposing new requirements on licensees under the Horse Racing Law, the violation of which would be a crime, this bill would create new crimes and would thereby impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 19510 of the Business and Professions
2 Code, as amended by Section 1 of Chapter 650 of the Statutes of
3 2009, is amended to read:
4 19510. (a) Every steward and racing official not required to
5 be licensed under Article 4 (commencing with Section 19480)
6 shall be licensed by the board pursuant to this article. Any license
7 issued pursuant to this article shall include a current photograph
8 of the licensed person.
9 (b) No person required to be licensed pursuant to this article
10 may participate in any capacity in any horse race meeting without
11 a valid and unrevoked license. The board shall determine the fixed
12 license fee which shall be paid in order to receive a license pursuant
13 to this article.

(c) As used in this section, “racing official” means the starter, timer, paddock judge, horseshoe inspector, horse identifier, official veterinarian, racing veterinarian, associate judge, placing judge, patrol judge, clerk of scales, clerk of the course, and any other person acting as an official at any horse racing meeting.

SEC. 2. Section 19520 of the Business and Professions Code is amended to read:

19520. (a) Every person not required to be licensed under Article 4 (commencing with Section 19480) who participates in, or has anything to do with, the racing of horses, including a horse owner, jockey, driver, apprentice, exercise rider, agent trainer, stable foreman, groom, valet, horseshoer, stable watchman, outrider, and every employee of a parimutuel department, shall be licensed by the board pursuant to rules and regulations that the board may adopt, and upon the payment of a license fee fixed and determined by the board. Any license issued pursuant to this article shall include a current photograph of the licensed person.

(b) No person required to be licensed by this article may participate in any capacity in any horse race meeting without a valid and unrevoked license authorizing the participation.

(c) The board may adopt regulations to require outrider license applicants to pass both a written and an oral examination and to authorize outriders to exercise the duties and powers of the board set forth in Section 19440 as are delegated by the board.

SEC. 3. Section 19532.2 is added to the Business and Professions Code, to read:

19532.2. Notwithstanding any other provision of law, commencing July 1, 2010, if a racetrack located in the central zone is not available for use by a thoroughbred association that was licensed by the board to conduct a live race meet at that racetrack in 2009, the board shall be authorized to allocate racing dates to that association to be operated at a racetrack in the central zone or southern zone for racing in 2010, or thereafter, in accordance with the rules and regulations of the California Horse Racing Board, provided however, that the number of racing dates allocated pursuant to this section does not exceed the number of racing dates that became unavailable at the central zone racetrack.

~~SEC. 3.~~

SEC. 4. Section 19604 of the Business and Professions Code is amended to read:

1 19604. The board may authorize any racing association, racing
2 fair, betting system, or multijurisdictional wagering hub to conduct
3 advance deposit wagering in accordance with this section. Racing
4 associations, racing fairs, and their respective horsemen's
5 organizations may form a partnership, joint venture, or any other
6 affiliation in order to further the purposes of this section.

7 (a) As used in this section, the following definitions apply:

8 (1) "Advance deposit wagering" (ADW) means a form of
9 parimutuel wagering in which a person residing within California
10 or outside of this state establishes an account with an ADW
11 provider, and subsequently issues wagering instructions concerning
12 the funds in this account, thereby authorizing the ADW provider
13 holding the account to place wagers on the account owner's behalf.

14 (2) "ADW provider" means a licensee, betting system, or
15 multijurisdictional wagering hub, located within California or
16 outside this state, that is authorized to conduct advance deposit
17 wagering pursuant to this section.

18 (3) "Betting system" means a business conducted exclusively
19 in this state that facilitates parimutuel wagering on races it
20 simulcasts and other races it offers in its wagering menu.

21 (4) "Breed of racing" means as follows:

22 (A) With respect to associations and fairs licensed by the board
23 to conduct thoroughbred, fair, or mixed breed race meetings, "breed
24 of racing" shall mean thoroughbred.

25 (B) With respect to associations licensed by the board to conduct
26 quarter horse race meetings, "breed of racing" shall mean quarter
27 horse.

28 (C) With respect to associations and fairs licensed by the board
29 to conduct standardbred race meetings, "breed of racing" shall
30 mean standardbred.

31 (5) "Contractual compensation" means the amount paid to an
32 ADW provider from advance deposit wagers originating in this
33 state. Contractual compensation includes, but is not limited to, hub
34 fee payments, and may include host fee payments, if any, for
35 out-of-state and out-of-country races. Contractual compensation
36 is subject to the following requirements:

37 (A) Excluding contractual compensation for host fee payments,
38 contractual compensation shall not exceed 6.5 percent of the
39 amount wagered.

1 (B) The host fee payments included within contractual
2 compensation shall not exceed 3.5 percent of the amount wagered.
3 Notwithstanding this provision, the host fee payment with respect
4 to wagers on the Kentucky Derby, Preakness Stakes, Belmont
5 Stakes, and selected Breeders' Cup Championship races may be
6 negotiated by the ADW provider, the racing associations accepting
7 wagers on those races pursuant to Section 19596.2, and the
8 horsemen's organization.

9 (C) In order to ensure fair and consistent market access fee
10 distributions to associations, fairs, horsemen, and breeders, for
11 each breed of racing, the percentage of wagers paid as contractual
12 compensation to an ADW provider pursuant to the terms of a hub
13 agreement with a racing association or fair when that racing
14 association or fair is conducting live racing shall be the same as
15 the percentage of wagers paid as contractual compensation to that
16 ADW provider when that racing association or fair is not
17 conducting live racing.

18 (6) "Horsemen's organization" means, with respect to a
19 particular racing meeting, the organization recognized by the board
20 as responsible for negotiating purse agreements on behalf of
21 horsemen participating in that racing meeting.

22 (7) "Hub agreement" means a written agreement providing for
23 contractual compensation paid with respect to advance deposit
24 wagers placed by California residents on a particular breed of
25 racing conducted outside of California. In the event a hub
26 agreement exceeds a term of two years, then an ADW provider,
27 one or more racing associations or fairs that together conduct no
28 fewer than five weeks of live racing for the breed covered by the
29 hub agreement, and the horsemen's organization responsible for
30 negotiating purse agreements for the breed covered by the hub
31 agreement shall be signatories to the hub agreement. A hub
32 agreement is required for an ADW provider to receive contractual
33 compensation for races conducted outside of California.

34 (8) "Hub agreement arbitration" means an arbitration proceeding
35 pursuant to which the disputed provisions of the hub agreement
36 pertaining to the hub or host fees from wagers on races conducted
37 outside of California provided pursuant to paragraph (2) of
38 subdivision (b) are determined in accordance with the provisions
39 of this paragraph. If a hub agreement arbitration is requested, all
40 of the following shall apply:

1 (A) The ADW provider shall be permitted to accept advance
2 deposit wagers from California residents.

3 (B) The contractual compensation received by the ADW
4 provider shall be the contractual compensation specified in the
5 hub agreement that is the subject of the hub agreement arbitration.

6 (C) The difference between the contractual compensation
7 specified in subparagraph (B) and the contractual compensation
8 determined to be payable at the conclusion of the hub agreement
9 arbitration shall be calculated and paid within 15 days following
10 the arbitrator's decision and order. The hub agreement arbitration
11 shall be held as promptly as possible, but in no event more than
12 60 days following the demand for that arbitration. The arbitrator
13 shall issue a decision no later than 15 days following the conclusion
14 of the arbitration. A single arbitrator jointly selected by the ADW
15 provider and the party requesting a hub agreement arbitration shall
16 conduct the hub agreement arbitration. However, if the parties
17 cannot agree on the arbitrator within seven days of issuance of the
18 written demand for arbitration, then the arbitrator shall be selected
19 pursuant to the Streamlined Arbitration Rules and Procedures of
20 the Judicial Arbitration and Mediation Services, or pursuant to the
21 applicable rules of its successor organization. In making the hub
22 agreement arbitration determination, the arbitrator shall be required
23 to choose between the contractual compensation of the hub
24 agreement agreed to by the ADW provider or whatever different
25 terms for the hub agreement were proposed by the party requesting
26 the hub agreement arbitration. The arbitrator shall not be permitted
27 to impose new, different, or compromised terms to the hub
28 agreement. The arbitrator's decision shall be final and binding on
29 the parties. If an arbitration is requested, either party may bring
30 an action in state court to compel a party to go into arbitration or
31 to enforce the decision of the arbitrator. The cost of the hub
32 agreement arbitration, including the cost of the arbitrator, shall be
33 borne in equal shares by the parties to the hub agreement and the
34 party or parties requesting a hub agreement arbitration. The hub
35 agreement arbitration shall be administered by the Judicial
36 Arbitration and Mediation Services pursuant to its Streamlined
37 Arbitration Rules and Procedures or its successor organization.

38 (9) "Incentive awards" means those payments provided for in
39 Sections 19617.2, 19617.7, 19617.8, 19617.9, and 19619. The
40 amount determined to be payable for incentive awards under this

1 section shall be payable to the applicable official registering agency
2 and thereafter distributed as provided in this chapter.

3 (10) "Licensee" means any racing association or fair licensed
4 to conduct a live racing meet in this state, or affiliation thereof,
5 authorized under this section.

6 (11) "Market access fee" means the amount of advance deposit
7 wagering handle remaining after the payment of winning wagers,
8 and after the payment of contractual compensation, if any, to an
9 ADW provider. Market access fees shall be distributed in
10 accordance with subdivision (f).

11 (12) "Multijurisdictional wagering hub" means a business
12 conducted in more than one jurisdiction that facilitates parimutuel
13 wagering on races it simulcasts and other races it offers in its
14 wagering menu.

15 (13) "Racing fair" means a fair authorized by the board to
16 conduct live racing.

17 (14) "Zone" means the zone of the state, as defined in Section
18 19530.5, except as modified by the provisions of subdivision (f)
19 of Section 19601. For these purposes, the central and southern
20 zones shall together be considered one zone.

21 (b) Wagers shall be accepted according to the procedures set
22 forth in this subdivision.

23 (1) No ADW provider shall accept wagers or wagering
24 instructions on races conducted in California from a resident of
25 California unless all of the following conditions are met:

26 (A) The ADW provider is licensed by the board.

27 (B) A written agreement allowing those wagers exists with the
28 racing association or fair conducting the races on which the wagers
29 are made.

30 (C) The agreement referenced in subparagraph (B) shall have
31 been approved in writing by the horsemen's organization
32 responsible for negotiating purse agreements for the breed on
33 which the wagers are made in accordance with the Interstate
34 Horseracing Act (15 U.S.C. Sec. 3001, et seq.), regardless of the
35 location of the ADW provider, whether in California or otherwise,
36 including, without limitation, any and all requirements contained
37 therein with respect to written consents and required written
38 agreements of horsemen's groups to the terms and conditions of
39 the acceptance of those wagers and any arrangements as to the
40 exclusivity between the host racing association or fair and the

1 ADW provider. For purposes of this subdivision, the substantive
2 provisions of the Interstate Horseracing Act shall be taken into
3 account without regard to whether, by its own terms, that act is
4 applicable to advance deposit wagering on races conducted in
5 California accepted from residents of California.

6 (2) No ADW provider shall accept wagers or wagering
7 instructions on races conducted outside of California from a
8 resident of California unless all of the following conditions are
9 met:

10 (A) The ADW provider is licensed by the board.

11 (B) There is a hub agreement between the ADW provider and
12 one or both of (i) one or more racing associations or fairs that
13 together conduct no fewer than five weeks of live racing on the
14 breed on which wagering is conducted during the calendar year
15 during which the wager is placed, and (ii) the horsemen's
16 organization responsible for negotiating purse agreements for the
17 breed on which wagering is conducted.

18 (C) If the parties referenced in clauses (i) and (ii) of
19 subparagraph (B) are both signatories to the hub agreement, then
20 no party shall have the right to request a hub agreement arbitration.

21 (D) If only the party or parties referenced in clause (i) of
22 subparagraph (B) is a signatory to the hub agreement, then the
23 signatories to the hub agreement shall, within five days of
24 execution of the hub agreement, provide a copy of the hub
25 agreement to the horsemen's organization responsible for
26 negotiating purse agreements for the breed on which wagering is
27 conducted for each race conducted outside of California on which
28 California residents may place advance deposit wagers. Prior to
29 receipt of the hub agreement, the horsemen's organization shall
30 sign a nondisclosure agreement with the ADW provider agreeing
31 to hold confidential all terms of the hub agreement. If the
32 horsemen's organization wants to request a hub agreement
33 arbitration, it shall send written notice of its election to the
34 signatories to the hub agreement within 10 days after receipt of
35 the copy of the hub agreement, and shall provide its alternate
36 proposal to the hub and host fees specified in the hub agreement
37 with that written notice. If the horsemen's organization does not
38 provide that written notice within the 10-day period, then no party
39 shall have the right to request a hub agreement arbitration. If the
40 horsemen's organization does provide that written notice within

1 the 10-day period, then the ADW provider shall have 10 days to
2 elect in writing to do one of the following:

- 3 (i) Abandon the hub agreement.
- 4 (ii) Accept the alternate proposal submitted by the horsemen's
5 organization.
- 6 (iii) Proceed with a hub agreement arbitration.

7 (E) If only the party referenced in clause (ii) of subparagraph
8 (B) is a signatory to the hub agreement, then the signatories to the
9 hub agreement shall, within five days of execution of the hub
10 agreement, provide written notice of the host and hub fees
11 applicable pursuant to the hub agreement for each race conducted
12 outside of California on which California residents may place
13 advance deposit wagers, which notice shall be provided to all
14 racing associations and fairs conducting live racing of the same
15 breed covered by the hub agreement. If any racing association or
16 fair wants to request a hub agreement arbitration, it shall send
17 written notice of its election to the signatories to the hub agreement
18 within 10 days after receipt of the notice of host and hub fees. It
19 shall also provide its alternate proposal to the hub and host fees
20 specified in the hub agreement with the notice of its election. If
21 more than one racing association or fair provides notice of their
22 request for hub agreement arbitration, those racing associations or
23 fairs, or both, shall have a period of five days to jointly agree upon
24 which of their alternate proposals shall be the official proposal for
25 purposes of the hub agreement arbitration. If one or more racing
26 associations or fairs that together conduct no fewer than five weeks
27 of live racing on the breed on which wagering is conducted during
28 the calendar year during which the wager is placed does not provide
29 written notice of their election to arbitrate within the 10-day period,
30 then no party shall have the right to request a hub agreement
31 arbitration. If a valid hub agreement arbitration request is made,
32 then the ADW provider shall have 10 days to elect in writing to
33 do one of the following:

- 34 (i) Abandon the hub agreement.
- 35 (ii) Accept the alternate proposal submitted by the racing
36 associations or fairs.
- 37 (iii) Proceed with a hub agreement arbitration.

38 The results of any hub agreement arbitration elected pursuant
39 to this subdivision shall be binding on all other associations and
40 fairs conducting live racing on that breed.

1 (F) The acceptance thereof is in compliance with the provisions
2 of the Interstate Horseracing Act (15 U.S.C. Sec. 3001, et seq.),
3 regardless of the location of the ADW provider, whether in
4 California or otherwise, including, without limitation, any and all
5 requirements contained therein with respect to written consents
6 and required written agreements of horsemen's groups to the terms
7 and conditions of the acceptance of such wagers and any
8 arrangements as to the exclusivity between the host racing
9 association or fair and the ADW provider.

10 (c) An advance deposit wager may be made only by the ADW
11 provider holding the account pursuant to wagering instructions
12 issued by the owner of the funds communicated by telephone call
13 or through other electronic media. The ADW provider shall ensure
14 the identification of the account's owner by using methods and
15 technologies approved by the board. Any ADW provider that
16 accepts wagering instructions concerning races conducted in
17 California, or accepts wagering instructions originating in
18 California, shall provide a full accounting and verification of the
19 source of the wagers thereby made, including the postal ZIP Code
20 and breed of the source of the wagers, in the form of a daily
21 download of parimutuel data to a database designated by the board.
22 The daily download shall be delivered in a timely basis using file
23 formats specified by the database designated by the board, and
24 shall include any and all data necessary to calculate and distribute
25 moneys according to the rules and regulations governing California
26 parimutuel wagering. Any and all reasonable costs associated with
27 the creation, provision, and transfer of this data shall be borne by
28 the ADW provider.

29 (d) (1) (A) The board shall develop and adopt rules to license
30 and regulate all phases of operation of advance deposit wagering
31 for ADW providers operating in California.

32 (B) The board shall not approve an application for an original
33 or renewal license as an ADW provider unless the entity, if
34 requested in writing by a bona fide labor organization no later than
35 90 days prior to licensing, has entered into a contractual agreement
36 with that labor organization that provides all of the following:

37 (i) The labor organization has historically represented employees
38 who accept or process any form of wagering at the nearest horse
39 racing meeting located in California.

1 (ii) The agreement establishes the method by which the ADW
2 provider will agree to recognize and bargain in good faith with a
3 labor organization which has demonstrated majority status by
4 submitting authorization cards signed by those employees who
5 accept or process any form of wagering for which a California
6 ADW license is required.

7 (iii) The agreement requires the ADW provider to maintain its
8 neutrality concerning the choice of those employees who accept
9 or process any form of wagering for which a California ADW
10 license is required whether or not to authorize the labor
11 organization to represent them with regard to wages, hours, and
12 other terms and conditions of employment.

13 (iv) The agreement applies to those classifications of employees
14 who accept or process wagers for which a California ADW license
15 is required whether the facility is located within or outside of
16 California.

17 (C) (i) The agreement required by subparagraph (B) shall not
18 be conditioned by either party upon the other party agreeing to
19 matters outside the requirements of subparagraph (B).

20 (ii) The requirement in subparagraph (B) shall not apply to an
21 ADW provider which has entered into a collective bargaining
22 agreement with a bona fide labor organization that is the exclusive
23 bargaining representative of employees who accept or process
24 parimutuel wagers on races for which an ADW license is required
25 whether the facility is located within or outside of California.

26 (D) Permanent state or county employees and nonprofit
27 organizations that have historically performed certain services at
28 county, state, or district fairs may continue to provide those
29 services.

30 (E) Parimutuel clerks employed by racing associations or fairs
31 or employees of ADW providers who accept or process any form
32 of wagers who are laid off due to lack of work shall have
33 preferential hiring rights for new positions with their employer in
34 occupations whose duties include accepting or processing any
35 form of wagers, or the operation, repair, service, or maintenance
36 of equipment that accepts or processes any form of wagering at a
37 racetrack, satellite wagering facility, or ADW provider licensed
38 by the board. The preferential hiring rights established by this
39 subdivision shall be conditioned upon the employee meeting the
40 minimum qualification requirements of the new job.

1 (2) The board shall develop and adopt rules and regulations
2 requiring ADW providers to establish security access policies and
3 safeguards, including, but not limited to, the following:

4 (A) The ADW provider shall use board-approved methods to
5 perform location and age verification confirmation with respect
6 to persons establishing an advance deposit wagering account.

7 (B) The ADW provider shall use personal identification numbers
8 (PINs) or other technologies to assure that only the accountholder
9 has access to the advance deposit wagering account.

10 (C) The ADW provider shall provide for withdrawals from the
11 wagering account only by means of a check made payable to the
12 accountholder and sent to the address of the accountholder or by
13 means of an electronic transfer to an account held by the verified
14 accountholder or the accountholder may withdraw funds from the
15 wagering account at a facility approved by the board by presenting
16 verifiable account identification information.

17 (D) The ADW provider shall allow the board access to its
18 premises to visit, investigate, audit, and place expert accountants
19 and other persons it deems necessary for the purpose of ensuring
20 that its rules and regulations concerning credit authorization,
21 account access, and other security provisions are strictly complied
22 with. To ensure that the amounts retained from the parimutuel
23 handle are distributed under law, rules, or agreements, any ADW
24 provider that accepts wagering instructions concerning races
25 conducted in California or accepts wagering instructions originating
26 in California shall provide an independent “agreed-upon
27 procedures” audit for each California racing meeting, within 60
28 days of the conclusion of the race meeting. The auditing firm to
29 be used and the content and scope of the audit, including host fee
30 obligations, shall be set forth in the applicable agreement. The
31 ADW provider shall provide the board, horsemen’s organizations,
32 and the host racing association with an annual parimutuel audit of
33 the financial transactions of the ADW provider with respect to
34 wagers authorized pursuant to this section, prepared in accordance
35 with generally accepted auditing standards and the requirements
36 of the board. Any and all reasonable costs associated with those
37 audits shall be borne by the ADW provider.

38 (3) The board shall prohibit advance deposit wagering
39 advertising that it determines to be deceptive to the public. The
40 board shall also require, by regulation, that every form of

1 advertising contain a statement that minors are not allowed to open
2 or have access to advance deposit wagering accounts.

3 (e) In order for a licensee, betting system, or multijurisdictional
4 wagering hub to be approved by the board as an ADW provider,
5 it shall meet both of the following requirements:

6 (1) All wagers thereby made shall be included in the appropriate
7 parimutuel pool under a contractual agreement with the applicable
8 host track.

9 (2) The amounts deducted from advance deposit wagers shall
10 be in accordance with the provisions of this chapter.

11 (f) After the payment of contractual compensation, the amounts
12 received as market access fees from advance deposit wagers, which
13 shall not be considered for purposes of Section 19616.51, shall be
14 distributed as follows:

15 (1) An amount equal to 0.0011 multiplied by the amount handled
16 on advance deposit wagers originating in California for each racing
17 meeting shall be distributed to the Center for Equine Health to
18 establish the Kenneth L. Maddy Fund for the benefit of the School
19 of Veterinary Medicine at the University of California at Davis.

20 (2) An amount equal to 0.0003 multiplied by the amount handled
21 on advance deposit wagers originating in California for each racing
22 meeting shall be distributed to the Department of Industrial
23 Relations to cover costs associated with audits conducted pursuant
24 to Section 19526 and for the purposes of reimbursing the State
25 Mediation and Conciliation Service for costs incurred pursuant to
26 this section. However, if that amount would exceed the costs of
27 the Department of Industrial Relations, the amount distributed to
28 the department shall be reduced, and that reduction shall be
29 forwarded to an organization designated by the racing association
30 or fair described in subdivision (a) for the purpose of augmenting
31 a compulsive gambling prevention program specifically addressing
32 that problem.

33 (3) An amount equal to 0.00165 multiplied by the amount
34 handled on advance deposit wagers that originate in California for
35 each racing meeting shall be distributed as follows:

36 (A) One-half of the amount shall be distributed to supplement
37 the trainer-administered pension plans for backstretch personnel
38 established pursuant to Section 19613. Moneys distributed pursuant
39 to this subparagraph shall supplement, and not supplant, moneys

1 distributed to that fund pursuant to Section 19613 or any other
2 provision of law.

3 (B) One-half of the amount shall be distributed to the welfare
4 fund established for the benefit of horsemen and backstretch
5 personnel pursuant to subdivision (b) of Section 19641. Moneys
6 distributed pursuant to this subparagraph shall supplement, and
7 not supplant, moneys distributed to that fund pursuant to Section
8 19641 or any other provision of law.

9 (4) With respect to wagers on each breed of racing that originate
10 in California, an amount equal to 2 percent of the first two hundred
11 fifty million dollars (\$250,000,000) of handle from all advance
12 deposit wagers originating from within California annually, an
13 amount equal to 1.5 percent of the next two hundred fifty million
14 dollars (\$250,000,000) of handle from all advance deposit wagers
15 originating from within California annually, an amount equal to
16 1 percent of the next two hundred fifty million dollars
17 (\$250,000,000) of handle from all advance deposit wagers
18 originating from within California annually, and an amount equal
19 to 0.50 percent of handle from all advance deposit wagers
20 originating from within California in excess of seven hundred fifty
21 million dollars (\$750,000,000) annually, shall be distributed as
22 satellite wagering commissions. Satellite wagering facilities that
23 were not operational in 2001, other than one each in the Cities of
24 Inglewood and San Mateo, and two additional facilities each
25 operated by the Alameda County Fair and the Los Angeles County
26 Fair and their partners and other than existing facilities which are
27 relocated, are not eligible for satellite wagering commission
28 distributions under this section. The satellite wagering facility
29 commissions calculated in accordance with this subdivision shall
30 be distributed to each satellite wagering facility and racing
31 association or fair in the zone in which the wager originated in the
32 same relative proportions that the satellite wagering facility or the
33 racing association or fair generated satellite commissions during
34 the previous calendar year. If there is a reduction in the satellite
35 wagering commissions pursuant to this section, the benefits
36 therefrom shall be distributed equitably as purses and commissions
37 to all associations and racing fairs generating advance deposit
38 wagers in proportion to the handle generated by those associations
39 and racing fairs. If a satellite wagering facility is permanently
40 closed other than for renovation or remodeling, or if a satellite

1 wagering facility is unwilling or unable to accept all of the signals
2 that are available to that facility, the commissions otherwise
3 provided for in this subdivision that would be payable to that
4 facility shall be proportionately reduced to take into account the
5 time that satellite wagering is no longer conducted by that facility,
6 or the payment of those commissions shall be eliminated entirely
7 if the facility is permanently closed, and, in either case, the satellite
8 wagering commissions not paid shall be proportionately
9 redistributed to the other eligible satellite wagering facilities. For
10 purposes of this section, the purse funds distributed pursuant to
11 Section 19605.72 shall be considered to be satellite wagering
12 facility commissions attributable to thoroughbred races at the
13 locations described in that section.

14 (5) After the distribution of the amounts set forth in paragraphs
15 (1) to (4), inclusive, the remaining market access fees from advance
16 deposit wagers originating in California shall be as follows:

17 (A) With respect to wagers on each breed of racing, the amount
18 remaining shall be distributed to the racing association or fair that
19 is conducting live racing on that breed during the calendar period
20 in the zone in which the wager originated. That amount shall be
21 allocated to that racing association or fair as commissions, to
22 horsemen participating in that racing meeting in the form of purses,
23 and as incentive awards, in the same relative proportion as they
24 were generated or earned during the prior calendar year at that
25 racing association or fair on races conducted or imported by that
26 racing association or fair after making all deductions required by
27 applicable law. Notwithstanding any other provision of law, the
28 distributions with respect to each breed of racing set forth in this
29 subparagraph may be altered upon the approval of the board, in
30 accordance with an agreement signed by the respective
31 associations, fairs, horsemen's organizations, and breeders
32 organizations receiving those distributions.

33 (B) If the provisions of Section 19601.2 apply, then the amount
34 distributed to the applicable racing associations or fairs shall first
35 be divided between those racing associations or fairs in direct
36 proportion to the total amount wagered in the applicable zone on
37 the live races conducted by the respective association or fair.
38 Notwithstanding this requirement, when the provisions of
39 subdivision (b) of Section 19607.5 apply to the 2nd District
40 Agricultural Association in Stockton or the California Exposition

1 and State Fair in Sacramento, then the total amount distributed to
2 the applicable racing associations or fairs shall first be divided
3 equally, with 50 percent distributed to applicable fairs and 50
4 percent distributed to applicable associations.

5 (C) Notwithstanding any provisions of this section to the
6 contrary, with respect to wagers on out-of-state and out-of-country
7 thoroughbred races conducted after 6 p.m., Pacific time, 50 percent
8 of the amount remaining shall be distributed as commissions to
9 thoroughbred associations and racing fairs, as thoroughbred and
10 fair purses, and as incentive awards in accordance with
11 subparagraph (A), and the remaining 50 percent, together with the
12 total amount remaining from advance deposit wagering originating
13 from California out-of-state and out-of-country harness and quarter
14 horse races conducted after 6 p.m., Pacific time, shall be distributed
15 as commissions on a pro rata basis to the applicable licensed
16 quarter horse association and the applicable licensed harness
17 association, based upon the amount handled in state, both on- and
18 off-track, on each breed's own live races in the previous year by
19 that association, or its predecessor association. One-half of the
20 amount thereby received by each association shall be retained by
21 that association as a commission, and the other half of the money
22 received shall be distributed as purses to the horsemen participating
23 in its current or next scheduled licensed racing meeting.

24 (D) Notwithstanding any provisions of this section to the
25 contrary, with respect to wagers on out-of-state and out-of-country
26 nonthoroughbred races conducted before 6 p.m., Pacific time, 50
27 percent of the amount remaining shall be distributed as
28 commissions as provided in subparagraph (C) for licensed quarter
29 horse and harness associations, and the remaining 50 percent shall
30 be distributed as commissions to the applicable thoroughbred
31 associations or fairs, as thoroughbred and fair purses, and as
32 incentive awards in accordance with subparagraph (A).

33 (E) Notwithstanding any provision of this section to the contrary,
34 the distribution of market access fees pursuant to this subparagraph
35 may be altered upon the approval of the board, in accordance with
36 an agreement signed by all parties whose distributions would be
37 affected.

38 (g) A racing association, a fair, or a satellite wagering facility
39 may enter into an agreement with an ADW provider to accept and
40 facilitate the placement of any wager from a patron at its facility

1 that a California resident could make through that ADW provider.
2 Deductions from wagers made pursuant to such an agreement shall
3 be distributed in accordance with the provisions of this chapter
4 governing wagers placed at that facility, except that the board may
5 authorize alternative distributions as agreed to by the ADW
6 provider, the operator of the facility accepting the wager, the
7 association or fair conducting that breed of racing in the zone
8 where the wager is placed, and the respective horsemen's
9 organization.

10 (h) Any issues concerning the interpretation or application of
11 this section shall be resolved by the board.

12 (i) Amounts distributed under this section shall be proportionally
13 reduced by an amount equal to 0.00295 multiplied by the amount
14 handled on advance deposit wagers originating in California for
15 each racing meeting, except for harness racing meetings, provided
16 that the amount of this reduction shall not exceed two million
17 dollars (\$2,000,000). The method used to calculate the reduction
18 in proportionate share shall be approved by the board. The amount
19 deducted shall be distributed as follows:

20 (1) Fifty percent of the money to the board to establish and to
21 administer jointly with the organization certified as the majority
22 representative of California-licensed jockeys pursuant to Section
23 19612.9, a defined contribution retirement plan for
24 California-licensed jockeys who retired from racing on or after
25 January 1, 2009.

26 (2) The remaining 50 percent of the money shall be distributed
27 as follows:

28 (A) Seventy percent shall be distributed to supplement the
29 trainer-administered pension plans for backstretch personnel
30 established pursuant to Section 19613. Moneys distributed pursuant
31 to this subparagraph shall supplement, and not supplant, moneys
32 distributed to that fund pursuant to Section 19613 or any other
33 provision of law.

34 (B) Thirty percent shall be distributed to the welfare fund
35 established for the benefit of horsemen and backstretch personnel
36 pursuant to subdivision (b) of Section 19641. Moneys distributed
37 pursuant to this subparagraph shall supplement, and not supplant,
38 moneys distributed to that fund pursuant to Section 19641 or any
39 other provision of law.

(j) Amounts distributed under this section shall be proportionally reduced by an amount equal to 0.00295 multiplied by the amount handled on advance deposit wagers originating in California for each harness racing meeting, provided that the amount of this reduction shall not exceed five hundred thousand dollars (\$500,000). The method used to calculate the reduction in proportionate share shall be approved by the board. The amount deducted shall be distributed as follows:

(1) First to the welfare fund established for the benefit of horsemen and backstretch personnel, pursuant to subdivision (b) of Section 19641, and administered by the organization representing the horsemen participating in the race meeting, in the amount requested by the welfare fund. Moneys distributed pursuant to this paragraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19641 or any other provision of law.

(2) The amount remaining, if any, shall be utilized for the benefit of the horsemen as specified in a written agreement between the racing association that conducts the live harness race meeting and the organization representing the horsemen participating in the race meeting.

~~SEC. 4.~~

~~SEC. 5.~~ No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

~~SEC. 5.~~

~~SEC. 6.~~ This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to enable the California Horse Racing Board to efficiently allocate and administer horse racing dates as required by state law, to ensure that the defined contribution retirement plan for California-licensed horse jockeys is not inconsistent with

1 federal law, to clarify the original intent regarding the funding for
2 this retirement plan, and to enable outriders to assume enhanced
3 responsibility in the enforcement of horse racing regulations at the
4 earliest possible time, it is necessary that this act take effect
5 immediately.

O